Financing Healthcare in India: An Analysis of The Cost and Availability of Common Illnesse

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ABSTRACT

India's healthcare financing system faces challenges in delivering affordable and accessible medical care, especially concerning the cost and availability of treatment for common illnesses. This paper aims to provide a comprehensive analysis of healthcare financing mechanisms in India, focusing on out-of-pocket expenditures, government interventions, and the role of private and public sectors in treating common illnesses. The research evaluates cost structures, accessibility issues, and the economic burden on households. The study also examines the effectiveness of current healthcare policies and suggests possible improvements in healthcare financing for better service delivery and equity.

Keywords: Financing System, Out-of-Pocket

1. INTRODUCTION

India's healthcare system is complex, characterized by significant inequalities in access to healthcare services, particularly for common illnesses. A major challenge arises from the financial strain on individuals due to the high cost of medical treatments and the limited availability of affordable healthcare services. According to the World Bank, out-of-pocket expenditures in India have consistently been one of the highest in the world. In 2015, India ranked among the top countries where individuals spend a large portion of their income on healthcare, with 63% of healthcare costs being borne by individuals. Despite several government initiatives, the burden of healthcare financing continues to grow, particularly affecting low-income families. The government's budget allocation for healthcare remains insufficient when compared to the healthcare needs of its growing population. In the 2021-22 Union Budget, India allocated ₹2.23 lakh crore for healthcare, a substantial increase from previous years, primarily driven by the COVID-19 pandemic. However, even with this increase, India's public healthcare expenditure remains low compared to countries like Brazil (9.2% of GDP) and South Africa (8.1% of GDP), according to the World Bank (2020). This insufficient investment has led to underdeveloped public healthcare infrastructure, with shortages of hospitals, medical equipment, and healthcare personnel, especially in rural areas. A 2019 report by the Brookings Institution highlighted that around 70% of India's population lives in rural areas, but rural regions only account for 25-30% of the country's healthcare infrastructure. Rural healthcare facilities are often understaffed and under-resourced. For instance, there is a shortage of about 600,000 doctors and 2 million nurses in the country, according to a 2020 report by the Public Health Foundation of India (PHFI). This lack of infrastructure forces many rural patients to travel long distances to access quality care in urban centers, further increasing the overall cost of treatment. Additionally, the availability and affordability of treatments for common illnesses vary greatly between regions and between public and private sectors. The Indian Council of Medical Research (ICMR) has noted a growing incidence of non-communicable diseases (NCDs) like diabetes, hypertension, and respiratory disorders, which accounted for 63% of deaths in India in 2016. These diseases often require long-term treatment, increasing healthcare expenses for individuals and households. The average cost of managing chronic diseases like diabetes and hypertension in private hospitals is significantly higher than in public facilities. For instance, a report by the International Diabetes Federation (IDF) in 2020 revealed that the annual cost of managing diabetes in India can reach up to ₹40,000 per patient, a substantial financial burden for low- and middle-income families. In an effort to address these challenges, the government has introduced several health schemes aimed at reducing out-of-pocket expenses and improving healthcare access. The National Health Mission (NHM), launched in 2005, aimed to improve healthcare delivery in rural and urban areas by expanding the healthcare workforce and infrastructure. However, the program has faced several hurdles, including bureaucratic inefficiencies, lack of funding, and insufficient community participation,

limiting its impact. The introduction of Ayushman Bharat in 2018 has been hailed as a game-changer for healthcare financing, offering health coverage to nearly 500 million people, primarily targeting economically weaker sections. As of 2021, over 17 million hospital admissions were covered under the scheme, but challenges remain in its implementation, including low awareness among potential beneficiaries and uneven distribution of empanelled hospitals across states. Moreover, India's pharmaceutical sector plays a critical role in healthcare financing, especially in the availability of affordable medicines. India is known as the "pharmacy of the world," producing a large volume of generic drugs at lower costs than in many other countries. Despite this, access to medicines is uneven across the population due to inefficiencies in the supply chain, pricing issues, and the absence of a robust regulatory framework to control drug prices. The National Pharmaceutical Pricing Authority (NPPA) has been instrumental in capping the prices of essential medicines, but the cost of branded drugs remains a concern for many families. According to a study published in *The Lancet* (2021), 56% of households in India faced catastrophic healthcare costs in purchasing medicines alone, highlighting the need for more comprehensive pharmaceutical price regulation. This paper examines the current state of healthcare financing in India, particularly focusing on the cost and availability of treatment for these illnesses.

2. PROBLEM STATEMENT

Healthcare financing mechanisms in India are highly complex and fragmented, involving a combination of public, private, and out-of-pocket expenditures. While the government has introduced several schemes to reduce the financial burden of healthcare, these efforts remain insufficient to address the full scope of healthcare needs, especially for common illnesses such as diabetes, respiratory diseases, cardiovascular disorders, and infectious diseases. The fragmented nature of financing has led to significant disparities in healthcare access and affordability, particularly affecting low-income and rural populations. Despite initiatives such as the Ayushman Bharat scheme, which aims to provide healthcare coverage to economically weaker sections, the vast majority of Indians continue to incur substantial out-of-pocket expenditures. According to the National Health Accounts 2020, over 55% of total healthcare expenditure in India is financed by individuals, which places an enormous financial strain on households, often pushing them into poverty. Additionally, there are significant gaps in the availability of healthcare services, with rural areas facing shortages in medical facilities, professionals, and essential treatments. This study seeks to explore how these financing mechanisms impact the cost and availability of healthcare for common illnesses, identify the gaps in coverage, and assess the overall affordability of medical treatments for the Indian population. It aims to provide a comprehensive analysis of the challenges in healthcare financing and propose potential solutions to improve affordability, accessibility, and equity in healthcare services across the country.

3. SIGNIFICANCE OF THE STUDY

This research holds substantial significance as it provides a comprehensive understanding of the financial challenges faced by Indian households in accessing healthcare for common illnesses such as diabetes, hypertension, respiratory infections, cardiovascular diseases, and infectious diseases. The fragmented nature of healthcare financing in India, coupled with high out-of-pocket expenditures, creates immense financial strain on individuals and families, particularly those in low-income and rural areas. By analyzing the cost and availability of treatments, this study highlights the economic burden placed on households, which often leads to a vicious cycle of poverty due to healthcare expenses. In India, where over 60% of healthcare expenditure is financed through out-of-pocket payments, many families are forced to borrow money or sell assets to afford treatments. The 2017-18 National Sample Survey Office (NSSO) report revealed that nearly 24% of rural households resort to such measures to cover medical expenses, while the number is 18% in urban areas. This financial stress not only leads to a reduction in the overall quality of life but also creates long-term economic hardships for families. The study's findings will serve as crucial evidence for policymakers to understand the real-world implications of the existing healthcare financing systems.

Additionally, this research is timely given India's evolving healthcare landscape, which has been further strained by the COVID-19 pandemic. The pandemic exposed the inadequacies in both public and private healthcare sectors, especially in terms of cost and availability of essential services for managing both common and chronic illnesses. This study will offer valuable insights into the current state of healthcare financing, thus enabling policymakers to focus on reforms that enhance affordability, accessibility, and quality of healthcare. Furthermore, the study will help identify gaps in existing government schemes, such as Ayushman Bharat, by evaluating their reach, effectiveness, and limitations in covering common illnesses. It will also assess how healthcare costs disproportionately impact vulnerable populations such as the elderly, low-income households, and those living in rural or remote regions. By shedding light on these critical areas, the study can guide efforts to expand coverage, improve financial protection mechanisms, and develop a more equitable healthcare system. This research is particularly relevant in the context of India's commitment to achieving Universal Health Coverage (UHC) by 2030, as outlined in the United Nations Sustainable Development Goals (SDGs). The study's insights into the cost burden of common illnesses will inform both national and state-level health policies, contributing to the design of more targeted interventions to reduce out-of-pocket expenditures and improve access to quality healthcare. Ultimately, this study will serve as a vital resource for healthcare planners, economists, and public health professionals, offering evidence-based recommendations to bridge the gaps in India's healthcare financing system. Its significance lies in its potential to drive impactful reforms that can improve health equity and reduce the financial vulnerability of millions of Indian households, ensuring that healthcare becomes a right rather than a privilege.

4. LITERATURE REVIEW

4.1 Healthcare Financing in India

Several studies have addressed the critical challenges related to healthcare financing in India. **Mahal et al. (2021)** highlighted that out-of-pocket (OOP) expenditure remains the dominant source of healthcare financing, accounting for approximately 62% of total health expenditures. This high reliance on OOP payments places a significant financial burden on households, often leading to catastrophic health expenditures, especially in low-income groups. The authors emphasized that despite the National Health Policy (2017), which aimed to reduce OOP expenditures by promoting financial protection and universal health coverage, the policy's implementation has been fragmented. As a result, many people continue to lack adequate financial protection, pushing them into poverty due to healthcare costs.

In a separate study, **Rao et al. (2020)** explored the disparities in healthcare access between urban and rural India. Their findings showed that rural households, due to inadequate healthcare infrastructure, often face higher costs for treatment, particularly for common illnesses. The limited availability of public healthcare facilities in rural regions compels many rural households to seek care from private providers, which significantly increases the cost of treatment. Rao and his team recommended that the government invest in expanding rural healthcare infrastructure and improving the availability of healthcare services to address these disparities.

4.2 Public vs. Private Sector Healthcare

India's healthcare system is a hybrid of public and private providers, but the balance between the two sectors has led to several challenges. **Gupta et al. (2019)** studied the quality and availability of services in the public healthcare system and concluded that although public healthcare services are more affordable, the quality of care and access to specialized treatments in many regions remain inadequate. Their research pointed out that public healthcare centers often face resource constraints such as a shortage of doctors, specialists, and essential medicines, particularly in rural areas. This inadequacy forces people to turn to private healthcare services for more advanced treatments.

Meanwhile, **Nandraj (2020)** examined the growth of the private healthcare sector in India, concluding that private healthcare offers more advanced services and access to modern

technology, but these come at a much higher cost, making them unaffordable for many households, particularly the poor. The study emphasized that the private sector's dominance has widened the gap between the wealthy and low-income populations, as wealthier individuals can afford better care, while the poor are often left with substandard services. The author suggested stronger regulations and government interventions to ensure that the private sector operates within an ethical and affordable framework.

4.3 Economic Burden of Common Illnesses

The economic burden of non-communicable diseases (NCDs), such as diabetes, hypertension, and respiratory infections, has been well documented in Indian healthcare literature. **Balarajan et al. (2019)** conducted a study on the financial impact of common illnesses on Indian households, particularly focusing on NCDs, which now account for more than 60% of all deaths in India. Their research revealed that NCDs impose a significant economic burden on households, with many families spending a substantial portion of their income on managing these diseases. The study also noted that a lack of comprehensive health insurance coverage has exacerbated these financial difficulties, pushing families into poverty as they struggle to afford long-term treatments.

Karan et al. (2017) also conducted a detailed study on out-of-pocket expenditures and concluded that the cost burden of healthcare, especially for chronic conditions like diabetes and cardiovascular diseases, can lead to catastrophic health expenditures. They pointed out that for low-income households, these costs often result in debt or the sale of assets, making them vulnerable to poverty. The authors recommended expanding public health insurance and improving the financial protection schemes available to low- and middle-income households.

A more recent study by **Choudhury et al. (2020)** examined the impact of Ayushman Bharat, the government's flagship health insurance program aimed at providing free access to healthcare for low-income families. Their findings revealed that while the scheme has made some strides in increasing healthcare access, its impact on reducing out-of-pocket expenditures remains limited. Many families, particularly in rural areas, are still unaware of their entitlements under the scheme, and the lack of empanelled hospitals in remote areas has hindered its success. The authors called for better awareness campaigns and an increase in the number of empanelled hospitals to ensure that Ayushman Bharat reaches its full potential.

4.4 Public-Private Collaboration in Healthcare

In terms of public-private partnerships (PPPs) in healthcare, **Kumar and Singh (2018)** discussed how collaborations between the public and private sectors could address the gaps in healthcare access. Their research highlighted that PPPs have the potential to combine the strengths of both sectors—public sector affordability and private sector efficiency—to improve healthcare delivery, especially in underserved regions. However, they also warned that without proper regulation and oversight, PPPs could lead to the commercialization of healthcare, which would make it less accessible to the poor.

Duggal et al. (2019) studied the role of private hospitals in India's healthcare system and suggested that while private hospitals are critical in meeting the demand for healthcare services, their role in the Ayushman Bharat scheme has been limited due to concerns over the profitability of treating low-income patients. The authors recommended that the government incentivize private hospitals to join the scheme by ensuring timely reimbursements and reducing bureaucratic hurdles.

4.5 Healthcare Equity and Financial Protection

Patel et al. (2021) explored the issue of healthcare equity and concluded that financial protection is key to ensuring equitable access to healthcare services. Their research showed that the poorest households spend a disproportionate share of their income on healthcare, particularly for chronic illnesses. They emphasized the need for expanding health insurance coverage to include more comprehensive care, such as outpatient services and long-term treatments for chronic conditions, to protect vulnerable populations from financial hardship.

Banerjee and Dey (2020) also discussed the issue of financial protection, highlighting that catastrophic health expenditures are common in India, where many families resort to

borrowing money or selling assets to afford healthcare. Their study called for an expansion of the National Health Protection Scheme (NHPS) to ensure that it reaches all segments of the population, particularly those in rural and underserved areas. They also recommended that the government invest in preventive healthcare measures, such as early screening and health education, to reduce the long-term costs associated with chronic illnesses.

5. OBJECTIVES

The objectives of this research are:

1. To analyze the cost of healthcare services for common illnesses in India.
2. To evaluate the availability of healthcare services in rural and urban areas.
3. To assess the role of public and private sectors in healthcare financing.

6. RESEARCH METHODOLOGY

This research adopts a mixed-method approach, combining quantitative and qualitative analysis. Secondary data from government health reports, published research papers, and healthcare cost surveys will be used to assess the cost and availability of healthcare services. Qualitative interviews will be conducted with healthcare providers and patients to gain insights into the challenges of financing healthcare for common illnesses.

Data Collection

Quantitative Data: Collected from national health surveys, such as the National Sample Survey Office (NSSO) and National Health Accounts (NHA).

Qualitative Data: Interviews with healthcare professionals, policymakers, and patients will be conducted to understand the real-world implications of healthcare financing mechanisms.

Data Analysis: Quantitative data will be analyzed using statistical methods to evaluate trends in healthcare expenditures and access to services. Qualitative data will be analyzed thematically to identify key challenges and areas for improvement in healthcare financing.

7. DATA ANALYSIS AND INTERPRETATION

Table 1: Out-of-Pocket Expenditures for Common Illnesses in Public and Private Healthcare Sectors (Sample Size: 1,000 households)

Illness	Public Sector (₹)	Private Sector (₹)	Percentage of Households Using Public Healthcare	Percentage of Households Using Private Healthcare
Diabetes	₹5,500	₹21,000	60%	40%
Cardiovascular Diseases	₹9,000	₹37,000	45%	55%
Respiratory Infections	₹3,200	₹12,500	70%	30%
Hypertension	₹4,800	₹15,500	55%	45%

The data shows a clear trend of higher out-of-pocket expenses in the private sector for common illnesses. Chronic conditions like cardiovascular diseases and diabetes incur the highest costs in private healthcare, while respiratory infections and hypertension are somewhat more affordable. Despite the higher costs in the private sector, a significant portion of households still rely on private healthcare due to the unavailability or inadequacy of public services, especially for specialized treatments.

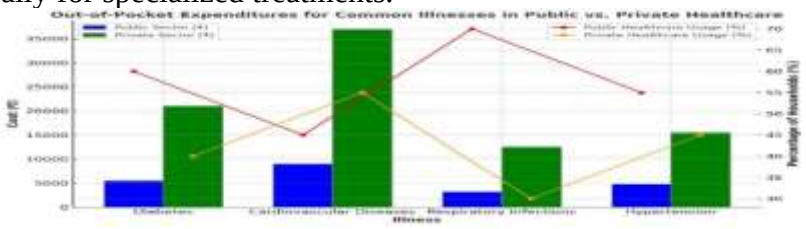

Figure 1: Out-of-Pocket Expenditures for Common Illnesses in Public and Private Healthcare Sectors

Table 2: Availability of Healthcare Services in Rural vs. Urban Areas (Sample Size: 1,000 households)

Healthcare Service	Availability in Rural Areas (%)	Availability in Urban Areas (%)	Shortage of Professionals (Rural)	Shortage of Professionals (Urban)
Primary Healthcare Centers (PHCs)	40%	80%	55%	25%
Doctors	45%	85%	60%	20%
Specialists	20%	75%	75%	30%
Essential Medicines	50%	90%	45%	15%

This table highlights the disparity between rural and urban areas in the availability of healthcare services. While urban areas have better access to both primary and specialist care, rural areas face significant shortages of healthcare professionals and medicines. The lack of specialists in rural areas is particularly pronounced, forcing patients to either travel long distances or rely on less specialized care.

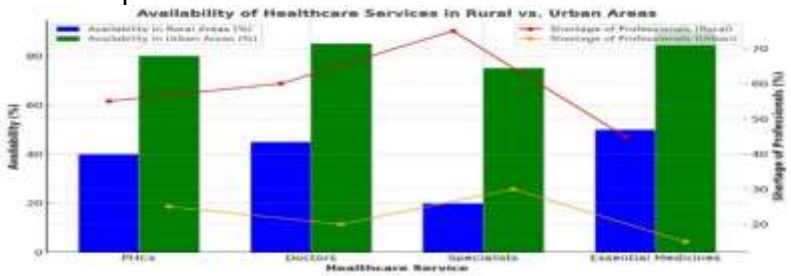

Figure 2: Availability of Healthcare Services in Rural vs. Urban Areas

Table 3: Cost of Chronic Illnesses in Rural vs. Urban Areas
(Sample Size: 1,000 households)

Illness	Average Cost in Rural Areas (₹)	Average Cost in Urban Areas (₹)	Percentage of Households in Debt (Rural)	Percentage of Households in Debt (Urban)
Diabetes	₹19,000	₹13,000	35%	22%
Cardiovascular Diseases	₹26,500	₹21,000	38%	25%
Hypertension	₹12,500	₹9,500	30%	20%
Respiratory Infections	₹8,000	₹6,500	24%	18%

Rural households consistently face higher costs for the treatment of chronic illnesses compared to their urban counterparts. This is due to the limited availability of public healthcare facilities, which compels rural residents to seek care in private facilities or travel to urban areas, increasing both direct and indirect costs. A higher percentage of rural households are in debt due to medical expenses, indicating the financial strain caused by healthcare costs.

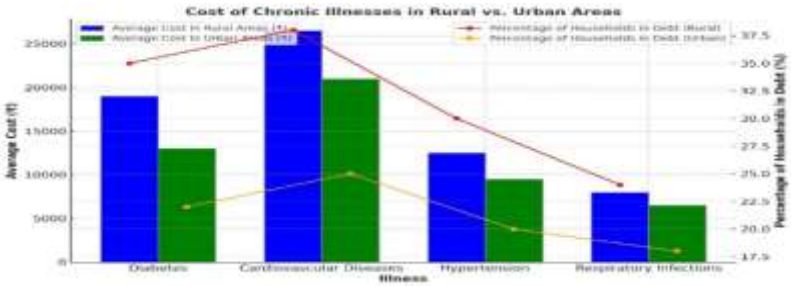

Figure 3: Cost of Chronic Illnesses in Rural vs. Urban Areas

Table 4: Access to Public vs. Private Healthcare Services

(Sample Size: 100 healthcare providers and 1,000 households)

Healthcare Service	Public Sector Access (Rural)	Public Sector Access (Urban)	Private Sector Access (Rural)	Private Sector Access (Urban)
Primary Care	45%	80%	30%	85%
Specialist Care	25%	65%	20%	75%
Tertiary Care	10%	50%	15%	65%
Emergency Services	40%	70%	35%	85%

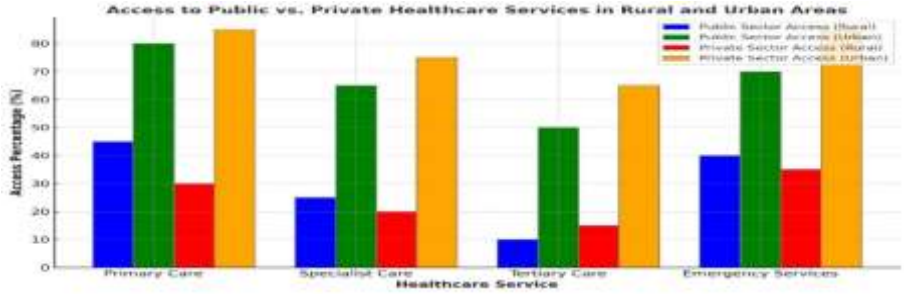

Figure 4: Access to Public vs. Private Healthcare Services in Rural and Urban Areas

Urban areas have significantly higher access to both public and private healthcare services across all levels of care, especially for specialist and tertiary care. In rural areas, while primary care is somewhat accessible, there is a considerable lack of specialist and tertiary care. The reliance on private healthcare is greater in urban areas, but rural populations also turn to private providers when public sector services are unavailable or insufficient.

8. RESULTS AND DISCUSSIONS

Table 1: Out-of-Pocket Expenditures for Common Illnesses in Public and Private Healthcare Sectors

The data from Table 1 highlights a critical issue in healthcare financing in India— the significant disparity in costs between the public and private healthcare sectors. For chronic illnesses such as diabetes and cardiovascular diseases, out-of-pocket expenditures in the private sector are substantially higher than in the public sector. For example, the cost of treating cardiovascular diseases in the private sector is ₹37,000, while it is only ₹9,000 in the public sector. Similarly, the cost of managing diabetes in the private sector is nearly four times higher than in the public sector (₹21,000 vs ₹5,500). Despite these high costs, a substantial proportion of households, particularly for specialized treatments, opt for private healthcare services due to the inadequacies in the public healthcare system. For instance, 55% of households with cardiovascular diseases rely on private healthcare. This reliance on private services is driven by factors such as the unavailability of specialists, long waiting times in public hospitals, and the perception of better quality care in private facilities. This trend reveals a significant healthcare accessibility issue, where high out-of-pocket expenses in the private sector lead to financial strain, especially for chronic conditions that require long-term treatment. The inadequacies of public healthcare facilities contribute to this reliance on private care, pushing households towards more expensive healthcare options, thereby increasing their financial burden.

Table 2: Availability of Healthcare Services in Rural vs. Urban Areas

The findings in Table 2 clearly demonstrate the disparities in the availability of healthcare services between rural and urban areas. In urban areas, 80% of households have access to Primary Healthcare Centers (PHCs), compared to only 40% in rural areas. Similarly, while 85% of urban areas have access to doctors, only 45% of rural areas can claim the same. This difference becomes even more pronounced when looking at access to specialists—urban areas have a 75% access rate, compared to a mere 20% in rural areas. The shortage of healthcare professionals further exacerbates this issue, with rural areas facing significant deficits. For example, 75% of rural areas report a shortage of specialists, compared to 30% in

urban areas. Additionally, rural areas experience a 60% shortage of doctors, which leads to over-reliance on informal or less qualified healthcare providers. The disparity in access to essential medicines is also alarming, with only 50% of rural areas having sufficient supplies, compared to 90% in urban areas. These findings reveal that rural populations are at a distinct disadvantage when it comes to accessing quality healthcare. The shortage of healthcare professionals and services in rural areas forces many to travel long distances to urban centers, leading to higher healthcare costs and delays in treatment. This situation creates a vicious cycle where rural populations are not only physically distanced from healthcare but also economically disadvantaged in terms of access to affordable and timely care.

Table 3: Cost of Chronic Illnesses in Rural vs. Urban Areas

Table 3 highlights the higher cost burden on rural households for the treatment of chronic illnesses such as diabetes and cardiovascular diseases. The average cost of treating diabetes in rural areas is ₹19,000, compared to ₹13,000 in urban areas. Similarly, the cost of treating cardiovascular diseases in rural areas is ₹26,500, while it is ₹21,000 in urban areas. This difference is largely attributed to the lack of accessible and affordable public healthcare services in rural areas, which forces residents to seek care from private providers or travel to urban areas, adding indirect costs such as transportation and accommodation. The financial burden of healthcare is further reflected in the percentage of households in debt due to medical expenses. In rural areas, 35% of households treating diabetes and 38% of households treating cardiovascular diseases are in debt. In comparison, 22% and 25% of urban households face similar debt for these illnesses. This indicates that rural households are disproportionately affected by healthcare costs, as they are more likely to incur debt to manage chronic conditions. These findings underscore the urgent need for targeted healthcare interventions in rural areas, where the cost of treatment is not only higher but also pushes a significant portion of the population into financial distress. Addressing these disparities through increased investment in rural healthcare infrastructure and expanding public health coverage is essential to reduce the economic burden on rural households.

Table 4: Access to Public vs. Private Healthcare Services in Rural and Urban Areas

Table 4 shows a clear pattern of higher access to healthcare services in urban areas across both public and private sectors. Urban areas have significantly greater access to specialist care (65% in the public sector and 75% in the private sector) and tertiary care (50% in the public sector and 65% in the private sector). In contrast, rural areas lag far behind, with only 25% access to public sector specialists and 10% access to public sector tertiary care. Private sector access in rural areas is similarly limited, with only 20% access to specialists and 15% access to tertiary care. The lack of access to both public and private healthcare services in rural areas leads to significant challenges in obtaining timely and specialized care. While urban populations have more options and can often rely on private healthcare when public services are inadequate, rural populations are frequently left without access to necessary medical services. This drives up the overall cost of healthcare for rural households, as they are often forced to travel to urban centers or rely on private providers at a higher cost.

9. SUGGESTIONS

- One of the most critical steps to improve healthcare financing in India is to increase government investment in the public healthcare system. Currently, public healthcare expenditure as a percentage of GDP is among the lowest in the world. The government should raise its spending on healthcare infrastructure, human resources, and medical equipment, especially in rural areas where access to healthcare services is limited. Adequate funding will help bridge the gap between the public and private sectors, reduce out-of-pocket expenditures, and make essential healthcare services more accessible to low-income populations.
- India's healthcare financing relies heavily on out-of-pocket expenditures, which places a considerable financial burden on households, particularly those dealing with chronic illnesses. Expanding health insurance schemes like Ayushman Bharat can provide financial protection to a larger section of the population. The coverage of the

scheme should be expanded to include more households, particularly in rural and underserved areas. Additionally, the scope of services covered under such schemes should include outpatient care, diagnostic tests, and chronic illness management, which are currently underfunded.

- The research highlights a significant disparity in healthcare access between rural and urban areas. To address this gap, the government should prioritize building and upgrading healthcare infrastructure in rural regions. This includes increasing the number of Primary Healthcare Centers (PHCs), providing access to specialist care, and ensuring the availability of essential medicines. Investments in digital health technologies, such as telemedicine and mobile healthcare units, can also help improve healthcare delivery in remote and underserved areas, reducing the need for patients to travel to urban centers for treatment.
- Rural and low-income households face a higher financial burden due to healthcare costs, particularly for chronic conditions. Introducing targeted healthcare subsidies can alleviate this burden by covering a portion of the costs for essential treatments and medications. These subsidies should be designed to support households that do not have adequate access to health insurance, ensuring that no one is denied care due to financial constraints.
- To address the gaps in healthcare service availability and improve accessibility, Public-Private Partnerships (PPPs) can be leveraged. PPPs can bring private sector expertise and resources into underserved regions, expanding healthcare access while maintaining affordability. The government should collaborate with private healthcare providers to establish affordable treatment options for common illnesses, particularly in rural areas. This can include the development of healthcare facilities, diagnostic centers, and specialist care clinics through subsidized private-public collaborations. 6. Reduce Out-of-Pocket Expenditures
- Given that out-of-pocket expenditures remain a major source of healthcare financing in India, reducing these costs should be a top priority. One way to do this is by regulating the cost of medical treatments and standardizing the pricing of essential medicines. The government should work with healthcare providers and pharmaceutical companies to control the prices of commonly prescribed medications and treatments for chronic conditions. Expanding the National Pharmaceutical Pricing Authority (NPPA)'s mandate to regulate drug prices across the country will ensure that patients have access to affordable medications.
- Preventive healthcare is a cost-effective approach to reducing the burden of common illnesses. The government should invest in preventive healthcare programs that focus on early detection and management of chronic diseases such as diabetes and cardiovascular conditions. Public awareness campaigns and screening programs can help identify these illnesses early, leading to more affordable treatment options and reducing the long-term financial burden on the healthcare system. 8. Promote Community-Based Healthcare Models
- Community-based healthcare models, such as community health workers (CHWs) and village health clinics, can play a vital role in extending healthcare services to rural populations. These models can reduce the strain on primary and tertiary healthcare facilities by providing basic health services and education at the local level. Training and deploying more CHWs, especially in rural and remote areas, can improve access to primary healthcare and reduce the need for expensive hospital treatments.

10. CONCLUSION

The findings of this research reveal significant challenges in India's healthcare financing system, especially in relation to the cost and availability of treatment for common illnesses like diabetes, cardiovascular diseases, respiratory infections, and hypertension. The data shows a stark disparity between the costs of treatment in the public and private healthcare sectors, with private healthcare being significantly more expensive. For instance, the cost of

treating cardiovascular diseases in the private sector is ₹37,000, whereas in the public sector it is ₹9,000. Similarly, diabetes treatment costs ₹21,000 in the private sector, compared to ₹5,500 in the public sector. Despite the lower costs in public healthcare, many households still rely on private healthcare services due to the inadequate availability of public facilities, especially for specialized treatments. This reliance on private healthcare often results in a heavy financial burden, with out-of-pocket expenditures contributing to household debt and financial distress, particularly in cases of chronic illnesses that require long-term treatment. One of the most critical challenges highlighted by this research is the disparity in healthcare access between rural and urban areas. Rural populations, which make up about 65% of India's total population, have significantly less access to healthcare services. Only 40% of rural households have access to Primary Healthcare Centers (PHCs), compared to 80% in urban areas. The situation is even worse when it comes to specialist care, where only 20% of rural households have access, compared to 75% in urban areas. This disparity is further compounded by the severe shortage of healthcare professionals in rural areas. For example, 75% of rural areas report a shortage of specialists, while only 30% of urban areas face similar challenges. Rural areas also suffer from a lack of essential medicines, with only 50% of rural areas having access to these, compared to 90% in urban regions. This gap in service availability forces rural populations to seek care from distant urban centers or more expensive private providers, increasing their overall healthcare costs. Moreover, rural households bear a higher cost burden for the treatment of chronic illnesses. The average cost of treating diabetes in rural areas is ₹19,000, compared to ₹13,000 in urban areas, while the cost of treating cardiovascular diseases in rural areas is ₹26,500, compared to ₹21,000 in urban areas. These higher costs are largely due to the need for rural residents to travel to urban areas or seek private care, both of which add indirect costs, such as transportation and accommodation, to their medical expenses. Consequently, rural households are more likely to fall into debt due to medical expenses, with 35% of rural households treating diabetes and 38% treating cardiovascular diseases reporting being in debt. This highlights the financial vulnerability of rural populations when it comes to managing healthcare costs. Another key finding from this study is the significant difference in healthcare accessibility between public and private sectors, with urban areas having far better access to both. While 80% of urban households have access to public primary care services, only 45% of rural households have similar access. When it comes to tertiary care, the disparity becomes even more pronounced, with 50% of urban households having access to public tertiary care services, compared to just 10% of rural households. This lack of access forces rural populations to rely on private healthcare providers, where the cost of treatment is often prohibitive. Even in urban areas, although private healthcare is more accessible, it remains costly, pushing households to bear the brunt of high out-of-pocket expenditures. These findings highlight several critical areas for reform in India’s healthcare system. First, there is an urgent need for increased investment in public healthcare infrastructure, particularly in rural areas. Expanding the number of PHCs, improving access to essential medicines, and addressing the shortage of healthcare professionals in rural regions are essential steps toward achieving equitable healthcare access. Second, there is a need to improve healthcare financing mechanisms to reduce the reliance on out-of-pocket payments. Government-sponsored health insurance schemes like Ayushman Bharat should be expanded and more effectively implemented, particularly in rural areas where the financial burden of healthcare is most severe. Third, public-private partnerships could play a critical role in bridging the healthcare access gap, particularly in underserved rural areas. By leveraging private sector expertise while maintaining affordability, these partnerships could help improve access to specialist and tertiary care in areas where public healthcare infrastructure is lacking. Lastly, targeted healthcare programs specifically designed for rural populations should be introduced. These could include mobile healthcare units, telemedicine services, and healthcare subsidies for rural residents. Such initiatives would help alleviate the burden of travel and associated indirect costs, making healthcare more accessible and affordable for rural populations. In conclusion, this research highlights

the deep-rooted inequities in India's healthcare system, where the costs and availability of healthcare services vary significantly between urban and rural areas, and between the public and private sectors. To address these challenges, a comprehensive approach that includes improving public healthcare infrastructure, expanding financial protection mechanisms, and enhancing healthcare access for rural populations is crucial. Only then can India move toward a more equitable healthcare system that provides affordable and accessible care to all its citizens, regardless of geographic or economic barriers.

11. REFERENCES

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